GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:2560
ANSWERED ON:18.03.2008
MARGIN MONEY SCHEME
Chavan Shri Harischandra Deoram

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) whether the attitude of Banks and the Khadi and Village Industries Commission towards the `Margin Money Scheme` has led to the closure of many industries;

(b) if so, the details thereof;

(c) if so, the number of such proposals pending and the names of the banks where these are pending in Maharashtra; and

(d) the steps being taken in this regard?

Answer

MINISTER FOR MICRO, SMALL AND MEDIUM ENTERPRISES(SHRI MAHABIR PRASAD)

(a): No, Sir. There are no such cases reported.

(b): Does not arise.

(c): Does not arise. However, 1863 project proposals under the Rural Employment Generation Programme (REGP), earlier known as Margin Money Scheme, are pending for disposal with various banks located in Maharashtra, as per details given at Annex.

(d): Approval of the project depends on technical and financial appraisal by the respective banks and they take their credit decision as per the viability of the projects. Sometimes, the project proposals submitted by the prospective entrepreneurs are not complete in all respects and in such cases the banks need to get the deficiencies rectified and therefore, there could be a delay in clearing the projects. Khadi and Village Industries Commission (KVIC) holds review meetings with the bankers periodically to take stock of the implementation of the scheme by the banks and speedy clearance of the proposals. Also, for expeditious clearance of the REGP project proposals by the banks, adequate funds towards margin money admissible under REGP are placed well in advance with various implementing banks by KVIC and these funds are replenished periodically as per need.